

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. CGK-15

CLINT G. KALICH

REPRESENTING AVISTA CORPORATION

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/24/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Clint Kalich
REQUESTER:	Public Counsel	RESPONDER:	Clint Kalich
TYPE:	Data Request	DEPT:	Energy Supply
REQUEST NO.:	PC – 307	TELEPHONE:	(509) 495-4532
		EMAIL:	clint.kalich@avistacorp.com

**SUBJECT:** Power Supply/Energy Recovery Mechanism (ERM)

**REQUEST:**

**Re: Direct Testimony of Scott J. Kinney, Exh. SJK-1T at 62:9–63:2.**

- a. Please provide any and all available documentation along with any data and calculations in Excel format that show “the liquidity doesn’t exist.”
- b. Please provide a list in Excel format of all attempted market purchases that Avista has attempted over the last five years which it was not able to complete due to lack of market liquidity. In your response, please include documentation that the transaction was not able to be completed.
- c. Please provide evidence for the forward transaction that because of the \$1 billion credit exposure Avista was unable to complete. In your answer, please provide documentation of the credit exposure, along with documentation for not being able to enter into the transaction because of the credit exposure.
- d. For the last ten years, please provide in Excel format all the forward transactions that Avista has entered into.

**RESPONSE:**

Please see Avista’s **CONFIDENTIAL** response to data request PC-DR-307C. Please note that Avista’s response to PC-DR-307C is **Confidential per Protective Order in UTC Dockets UE-240006 and UG-240007**.

- a). See part d to this response.
- b). We do not record or retain this information.
- c). The verbiage included in testimony was included in error. The testimony was meant to state the following:

“Avista is unable to lock in today’s value since it may take over \$1 billion in credit to lock in the forward positions. There is not enough liquidity in the market to even be able to lock in those positions, even if the Company could afford to do so.”

The estimated billion dollars of credit need was roughly made by taking our total forward open position in a year and then estimating total market price volatility for that year. In some scenarios where we sell high, and the prices crash (or the opposite) margin requirements could be very high. No formal or detailed analysis was made for reference with this statement that was intended to highlight the high cost and general lack of ability to lock in current values through forward positions. A \$1 billion transaction would not be possible because our credit facility is capped at \$500 million, and it must also cover more than just Energy Resources.

d) See attachment “PC-DR-307C Confidential Attachment A - Forward Deals.xlsx.” The Company historically has made forward purchases ahead of the calendar year to lock in value. Our challenges to afford this, or find counterparties, are reflected in the volumes of our forward purchase transactions for electricity and natural gas. Below is a graphic detailing these purchases made prior to the calendar year of delivery.

Besides falling volume since 2016 for electric, we had no trades prior to the delivery year for electricity after 2021. Though greatly reduced in recent years, for natural gas we did enter forward transactions that for the most part supported electric forward sales that would help to offset margin calls on those transactions. In the graphic electric volumes are shown in MWh whereas gas volumes are in dekatherms divided by 10. This scaling of natural gas purchases allows both datasets to exist on the same y-axis.

